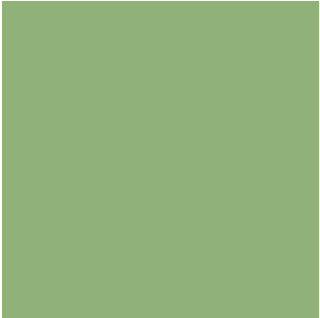


South Carolina Department of Commerce



Cost of Doing Business

Consistently ranked as a top business location by numerous publications, South Carolina has attractive benefits that provide a lower cost of doing business.



Government:

Pro-Business attitude

Governor Mark Sanford and South Carolina's bicameral legislature have worked recently to maintain and improve the state's attractive business climate with progressive legislation and regulatory reform. The following list provides just some of the efforts South Carolina is taking to ensure business success:

- **Life Sciences Act**—increasing biotech-related incentives and research funding.
- **Research Centers of Economic Excellence Act**—providing \$30 million annually to research universities for recruiting top researchers and the development of research centers.
- **Education and Economic Development Act**—ensuring high school students will graduate with marketable skills.
- **Workers' Compensation Reform**—ensuring that these programs remain cost-effective for businesses.

Tort Reform

Resulting in Lower Liability Index in South Carolina



The U.S. Tort Liability Index measures the best and worst tort systems in the nation. **South Carolina ranked as 14th best** in their most recent index, improving from a previous rank of 36th from the previous year. Our tort reform begun in 2005 has had a positive impact on developing a better business climate in the state.

An efficient tort system is an important part of a thriving free-enterprise economy. It ensures that firms have proper incentives to produce safe products in a safe environment, and that truly injured people are fully compensated. An efficient tort system results in greater trust among market participants, leading to more trading, and eventually a higher standard of living for individuals in the society. An efficient tort system benefits all.

A poor tort system, on the other hand, imposes excessive costs on society, not the least of which is foregone production of goods and services. There is growing evidence that U.S. tort costs are far greater than other countries' costs and that much of the difference is due to excessive litigation and lawsuit abuse. Businesses that spend more money each year on liability insurance have less money available for research and development (R&D) or for health benefits for their employees.

Source: Pacific Research Institute, March 2008.

Workforce and Wages in South Carolina

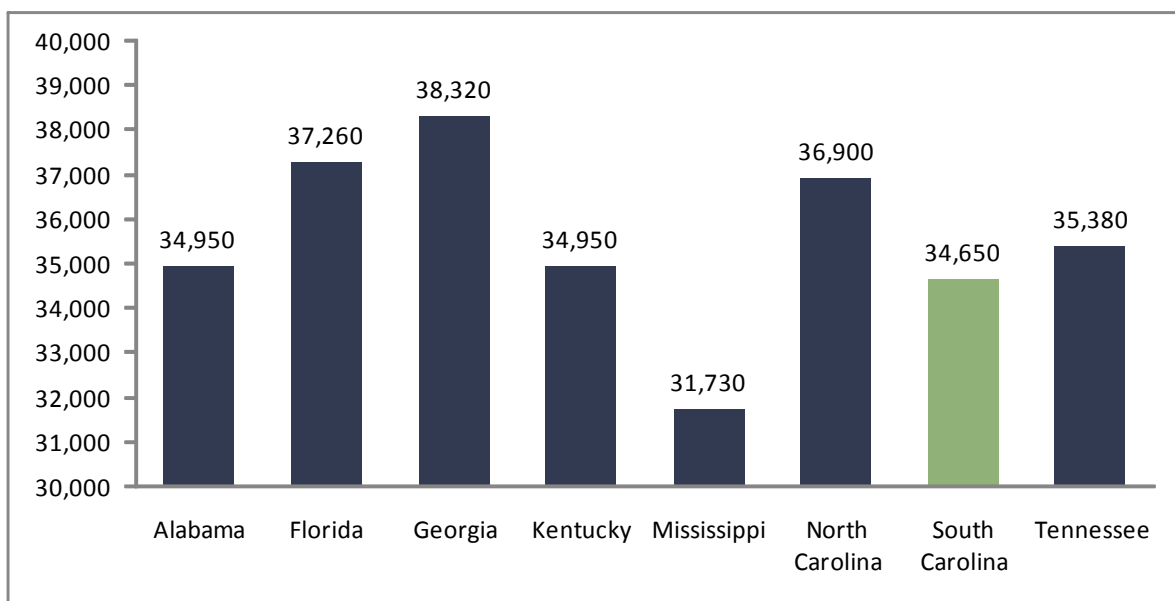
Giving business the right people and lower overall labor costs.

South Carolina is the nation's **11th fastest-growing state**. Its 2007 population of 4.4 million grew 9.9% between 2000 and 2007. The U.S. population grew by 7.2% during that same time period. *Source: U.S. Census Bureau, Current Population Estimates.*

The labor force in South Carolina has also been steadily growing by 5% since 2000, higher than the U.S. rate for the same period. *Source: U.S. Department of Labor, Bureau of Labor Statistics.*

South Carolina is a right-to-work state and has **the 3rd lowest unionization rate for 2007 in the U.S.** (4.1 percent). *Source: U.S. Department of Labor, Bureau of Labor Statistics.*

According to the U.S. Department of Labor, Bureau of Labor Statistics, South Carolina has the **8th lowest mean annual wage in the nation and the second lowest in the south-east.** *Source: U.S. Department of Labor, Bureau of Labor Statistics.*



Taxes

Benefitting the bottom line

The chart to the right indicates that **South Carolina has the lowest corporate income tax rate at 5 percent**, giving the state the competitive edge over all other southern states and most states in the nation.

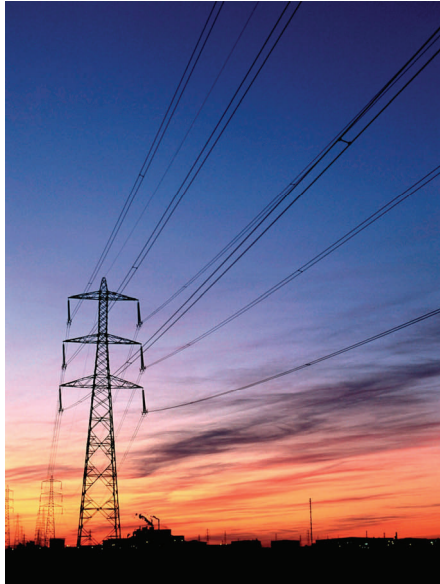
The Tax Foundation in Washington has ranked **South Carolina** as having the **9th lowest corporate income tax** (Source: *Tax Foundation, 2009 State Business Tax Climate Index*). Furthermore, the Milken Institute has ranked South Carolina as having the **14th lowest tax burden** (Source: *The Milken Institute 2007 Cost of Doing Business Index*).

The state is not the only geographical area that benefits from lower tax burden. In fact, KPMG, an international accounting and consulting firm, recently ranked the **Greenville-Spartanburg metropolitan area** as having the **2nd best tax structure for businesses** among midsize cities. The study measured corporate income taxes, capital taxes, sales taxes, property taxes, miscellaneous local business taxes and statutory labor costs (Source: *KPMG 2008 Competitive Alternatives: Focus on Tax Study*).

State	Corporate Tax Rate
South Carolina	5%
Florida	5.50%
Georgia	6%
Virginia	6%
Alabama	6.50%
Tennessee	6.50%
North Carolina	6.90%



Low Utility Cost = Better Bottom Line



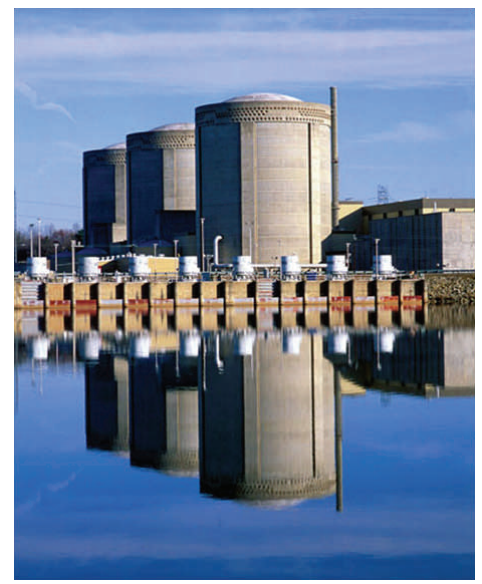
Cost

The size and number of utilities in the state have led to some of the region's most affordable power costs. Industrial power costs in the state average only 4.71 cents per kilowatt hour, one of the lowest rates in the nation and about 24 percent less than the national average of 6.16 cents per kilowatt hour (Source: U.S. EIA, Electric Power Annual, October 2007. Data is from 2006). In addition to favorable rates, South Carolina's four generating utilities have a combined capacity of 22.551 gigawatts to support the growth of industry in the state.



Natural Gas

Natural gas rates have also remained competitive with industrial gas rates at 9.21 dollars per cubic feet. At this amount, South Carolina has the lowest natural gas rates in the Southeast (Source: U.S. EIA, Natural Gas Annual, October 2007. Data is from 2006). Two interstate pipeline systems and intrastate pipelines provide abundant supplies of natural gas to South Carolina's manufacturers. The rates and services are subject to regulation by the S.C. Public Service Commission.



Nuclear Power

South Carolina has the most nuclear capacity of all south-eastern states and ranks third among the 31 states with nuclear power capacity. Four nuclear power plants supply about half the state's electricity demand, with several new ones slated to come online by 2015. Nuclear power, which is emission-free, has been generated by plants in the Palmetto State since the early 1970's. Because of the state's nuclear presence, the burden of higher electricity rates will be less according to the July 25, 2008 issue of *The Kiplinger Letter*.

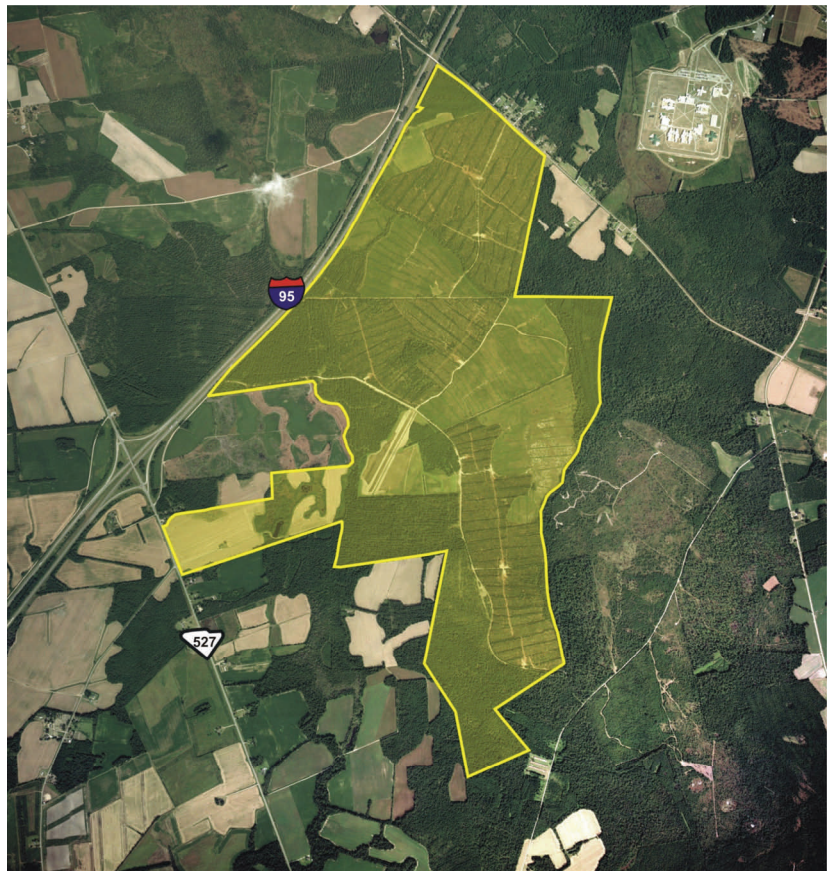
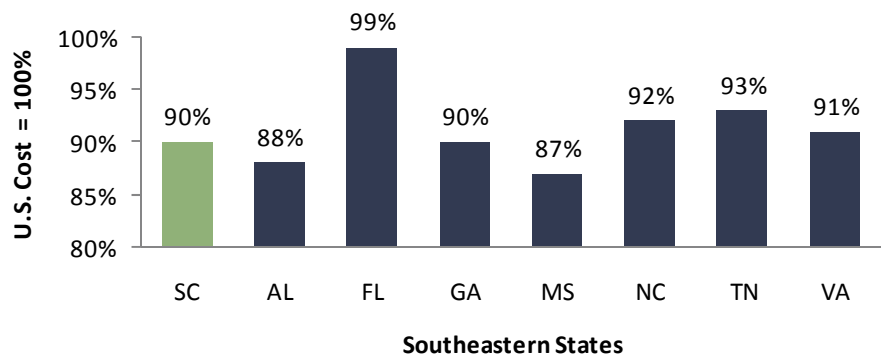
Real Estate = Lower Costs

South Carolina's southeastern location, where both population and employment growth are expected to be positive, allows the state to be competitive when compared to real estate industry trends. Data in the graph from the Marshall Valuation Index demonstrates that construction costs in South Carolina are some of the lowest in the Southeast and 10 percent below the U.S. average for Class A office facilities.

The state has many buildings and sites that offer companies a wide selection to choose from. A full database of sites and buildings is located at: **SCcommerce.com**.

Just click on Locate In SC and find the right location to fit the needs of your business.

Marshall Valuation Service = Class A Construction Index



Port of Charleston

The Port of Charleston serves as valuable resources for many companies and provides excellent logistics efficiency and costs.



One of the busiest container ports on the East Coast and the seventh largest container port in the United States, the Port of Charleston, has been a major global center of commerce and trade for three centuries. More high crane container lifts are done at this port than any other in the Western Hemisphere. In 2007, the port handled 1.88 million TEUs.

Saving companies money with more efficient operations:

- Ranked as one of the most efficient ports year after year.
- Transit times of 1-2 hours from open sea to dockside, fastest on the East Coast.
- Works ships at an average of 41 moves per hour per crane.
- Trucker averages of 20 minutes from the time arriving at the gate to swiping the outbound ticket.

Source: SC State Ports Authority, 2008.

Making an impact on the environment:

- Adding and restoring 22 acres of tidal marshes.
- Reducing port-related air emissions and funding an air monitoring station, three years ahead of required timeline.
- Partnering with Wildlife Trust to protect the Northern Right Whale.

Source: PledgeForGrowth.com.



Milken Institute

2007 Cost of Doing Business Index

South Carolina has the 6th lowest cost of doing business index according to the Milken Institute. The state's 2007 cost of doing business index was 82.9, nearly 20 percent lower than the national average of 100.

South Carolina has the lowest index of all southern states. Georgia and North Carolina are both at least seven points higher at 90.7 and 90.8, respectively.

The Milken Institute uses five categories to establish their cost of doing business index. The categories used are:

Wage costs

Tax burden

Electricity cost

Industrial rent cost

Office rent cost

More information on the index can be found at milkeninstitute.org.



2007 Cost-of-Doing Business Index

2007 Rank	Previous Rank	State	Cost of Doing Business Index
1	1	Hawaii	151.5
2	2	New York	130.9
3	3	Alaska	130.8
4	5	Massachusetts	130.6
5	4	Connecticut	127.5
6	6	California	122.9
7	7	New Jersey	120.9
8	8	Vermont	110.2
9	9	Delaware	110.1
10	14	Rhode Island	108.0
11	11	Maryland	106.4
12	12	New Hampshire	105.3
13	10	Minnesota	104.3
14	16	Nevada	104.2
15	17	Washington	102.7
16	19	Wyoming	101.6
17	28	Maine	100.3
18	15	Illinois	99.9
19	20	Florida	99.3
20	13	Michigan	98.9
21	18	Pennsylvania	97.2
22	22	New Mexico	96.6
23	23	Wisconsin	96.4
24	26	Texas	95.9
25	21	Virginia	95.6
26	25	Louisiana	93.9
27	29	Colorado	92.8
28	24	Arizona	91.6
29	32	Oregon	91.4
30	27	Ohio	91.0
31	31	North Carolina	90.8
32	30	Georgia	90.7
33	37	Utah	90.1
34	42	Mississippi	88.4
35	38	Kentucky	87.3
36	33	Indiana	87.3
37	34	West Virginia	87.1
38	36	Kansas	86.8
39	39	Alabama	85.8
40	45	Oklahoma	85.4
41	35	Arkansas	85.4
42	40	Tennessee	85.2
43	41	Missouri	84.6
44	48	Montana	84.1
45	44	South Carolina	82.9
46	46	Idaho	82.8
47	43	Nebraska	82.3
48	49	North Dakota	81.3
49	47	Iowa	79.7
50	50	South Dakota	70.2



Notable State Rankings

Demonstrating South Carolina is the right place for business.



In CNBC America's "Top States for Business," July 2008, South Carolina was ranked **9th in cost of doing business**. Source: CNBC America's Top States for Business, July 2008.

Development Counsellors International (DCI) ranked South Carolina the **6th best business climate**. The 2008 DCI study surveyed 280 U.S. corporate executives to name the states with the best business climates. Source: Development Counsellors International, July 2008.

The Pollina Corporation's "Top 10 Pro-Business States" study ranked South Carolina as the **4th best pro-business state**. The states at the top of the list understand that they must be very proactive in keeping and attracting business. The study is limited to factors over which state government has control. Source: Pollina Corporate Real Estate, 2008.

South Carolina's affordable labor costs have also been recognized. South Carolina is **among ten states with the lowest cost of labor** on Business Facilities' 2008 "Cost of Labor Ranking." The ranking is based on unionization, unemployment insurance, workers' compensation premiums, hourly pay in manufacturing, average annual pay in the private sector and average employer cost for an "employee plus one" health care premium. Source: *Business Facilities*, July 2008.



Competitive Communities

Providing great areas to locate your company.

KPMG ranked Greenville-Spartanburg the 4th lowest cost area (based on low building and transportation costs) in their 2008 Competitive Alternatives Study, among mid-sized cities. KPMG's study measured 27 significant cost components that are most likely to vary by location, including labor, taxes, real estate and utilities as they applied to 17 industries over a 10-year planning period.

Southern Business & Development ranked many South Carolina communities in their "250 Best Places in the South to Locate Your Company," in 2008. The following areas made the list:

- Greenville-Spartanburg—24th among major markets.
- Columbia—9th in mid-market category.
- Charleston—11th in the mid-market category.
- Aiken was ranked 1st in the small market category.



South Carolina Department of Commerce



*For more information on how we
can help your business grow, contact:*

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(803) 737-0400

SCcommerce.com